
QUARTERLY PROGRESS REPORT

U.S. Montenegro Partnership for Municipal Development

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**USAID Cognizant
Technical Officer:** William Gelman (Podgorica)

I. INTRODUCTION

Goals/objectives:

The International City/County Management Association (ICMA) established the *US – Montenegro Partnership for Municipal Development* in November 1999, initially under a one-year grant from the U.S. Agency for International Development (USAID). Phase I activities were designed to assist local governments in responding more effectively and efficiently to increased demands on municipal services due to the influx of internally displaced persons from the Kosovo conflict. The ICMA grant, which expanded and was extended until December 2002, now serves as the technical and operational hub for USAID assistance to the local government sector in Montenegro.

During Phase II, ICMA offers an integrated package of training and technical interventions designed to:

- A. Develop and promulgate a new legal framework for fiscal and democratic decentralization and devolution of authority and resources
- B. Improve municipal financial management skills and practices
- C. Develop a local government in-service training delivery system to insure sustainable implementation of enacted reforms
- D. Increase citizen involvement and collaboration in the local government reform process and community affairs

Counterparts:

Principal counterparts include: (1) the municipalities of Tivat, Kotor, Ulcinj, Cetinje, Niksic, Pljevlja and Berane; (2) Ministries of Justice, Finance, Urban Development and other Republic agencies including Departments of Revenue, Public Works, and Real Estate, (3) the Union of Municipalities of Montenegro and (4) the Montenegro Association of Trainers for Local Government and Public Administration.

II. ACCOMPLISHMENTS:

(A) Building And Implementing A Legal Framework For Fiscal And Democratic Decentralization And Devolution Of Authority And Resources

ACTIVITIES:

Legislative Development:

ICMA, in collaboration with short-term consultants Richard Almy and Eunice Gibbs, Legislative working groups and GoM and local government counterparts, reviewed and finalized proposed laws on Local Self-Government, Financing Local Self-Government, Territorial Administration and Real Estate Tax, in light of comments received during the ministerial and public review process in November and December. Finalized laws on Local Self-Government and Financing Local Self-Government are expected to be submitted to GoM and forwarded to Parliament for review and enactment at the beginning of 2002.

- ICMA advised and assisted municipal counterparts and the MoJ to organize and conduct regional public hearings (north, central, coast) on proposed Laws on Self-Government, Territorial Organization and Local Government Finance. *(see section D of this report)*
 - Four ICMA TOT Lead Trainers presented, facilitated and recorded citizens' comments, questions and suggestions.
- ICMA hosted roundtable on draft legislation for Union of Municipalities and made a presentation on the Law on Financing Local Self-Government to its members. Citizen input recorded during the regional public discussions was also presented at this roundtable.

Law On Local Self-Government

- Finalized Draft Law on Local Self-Government: Developed, in partnership with local- and republic-level counterparts a legislative framework that transfers decision-making and control of resources to the local level in the areas of public administration, finance, environment, public works, capital investment, municipal services, public affairs, social services, local police, and education and health (to be established in general legislation).
 - Law provides for adequate: judicial protection of local autonomy; system of checks and balances; mechanisms for depoliticization of public work and anticorruption; cooperation between local authorities and state authorities; legal control and supervision; the rights of citizens and citizen participation; economic activities of local government bodies; professionalism and efficiency of public administration; and cooperation between local authorities in Montenegro and with foreign NGOs and local governments.
 - Council of Europe has stated that this law is more advanced than others in countries of comparable size and will serve as an example for the entire region.
 - It is fully compatible with the European Charter of Local Self-Government.
- ICMA short-term consultant Eunice Gibbs, J.D, a municipal legal expert with the International Municipal Lawyer's Association reviewed the Draft Law On Local Self-

Government and submitted an analysis of the proposed law and local government system.

- “Analysis” was translated and submitted to MoJ to incorporate suggested changes into the law.
- ICMA followed up on the work of its Education Specialist, Tom Timar, and presented his report, *A Proposed Plan for Decentralizing Education Finance and Governance in Montenegro*, along with alternative grant formulas at a roundtable of officials from the Ministry of Education and Sciences, Ministry of Justice, Ministry of Finance, and representatives from the Union of Montenegrin Municipalities. (Refer to 3rd Quarter Report on assessment of decentralization of pre-primary and primary education from the Republic to the local governments.)
- Strengthened capacity of Union of Municipalities and its members to advocate for local government interests in the reform process by providing forums for discussion and comment on the draft laws, including hosting a roundtable for all mayors to discuss the draft legislation. The finance law was presented by ICMA and questions and comments were taken.
 - Key articles incorporated in policy framework to meet expressed and anticipated needs of municipalities as a result of this input; and to establish formal mechanisms for Union members to contribute to policy development.

Law On Financing Local Government

- Assisted finance working group to develop a draft finance law with clear and transparent intergovernmental transfer mechanisms, a fiscal incentive grant, and a formula-driven equalization grant, improved mechanisms for ensuring fiscal discipline and financial planning
 - ICMA recommended specific revisions to the existing draft in order to provide an appropriate revenue incentive mechanism, improved conditionality for various grant mechanisms, greater discretionary authority to local governments to set rates and fees for their revenues, and better regulation of local government budgeting, debt, and treasury management.
- Provided technical assistance to the GoM in the drafting of an EU compliant law.
- Prepared fiscal impact analyses of law that estimated impact of new law on the budgets of the Republic and local governments.

Law On Real Estate Tax

ICMA provided direct technical assistance to the GoM and the real estate tax working group in the on-going development of the draft real estate tax law. An ICMA-approved draft was presented to and accepted by the Government. The proposed law was enacted by Parliament on December 28, 2001.

- Assisted and advised Montenegro to draft and enact a market based real estate tax law

- ICMA short-term consultant Richard Almy undertook legal and fiscal analyses, and conducted legal reviews of several drafts of the *Law on Taxation of Real Estate* in the following areas:
 - Comparative analyses of several drafts of the law and a set of recommendations for its improvement.
 - Reviewed and assessed key components of the draft law, especially the politically sensitive areas of exemptions and tax relief.
 - Prepared legislative language for insertion into the draft law.
 - Analyzed the fiscal impact of the law, based upon a survey of the Montenegrin real estate market that was in part commissioned by ICMA, and in part, conducted by ICMA.
 - Prepared presentation material explaining the proposed law that was delivered to the Government Commission.
 - Provided analysis and comments on draft *Law on Tax Administration* as it relates to the authorities of local governments to administer and enforce the new real estate tax

OUTPUTS:

- Compilation of citizen feedback from public discussions on laws
- Local Self-Government Final Draft Law
- “Legal Analysis Of the Draft Law on Local Self-Government” by Eunice Gibbs, J.D.
- Presentation material and analysis of alternative grant formulas for decentralizing education.
- Final education decentralization assessment report: *A Proposed Plan for Decentralizing Education Finance and Governance in Montenegro*.
- Final Draft Law on Local Self-Government Finance
- Fiscal impact analyses and presentation materials for Financing Local Self-Government proposed law
- Enacted *Law on Taxation of Real Estate*
- Presentation material, analyses, and fiscal impact assessments on Law on Taxation of Real Estate
- Real estate market survey

RESULTS AND IMPACTS:

- Developed draft legislation that will promulgate a new legal framework for fiscal and democratic decentralization and devolution of authority and resources
- Raised awareness, deepened understanding of, and acceptance for democratic principles through public education and close collaboration with counterparts.
- Established a property tax system that will result in greater fiscal autonomy at the local level.
- Established and reinforced formal linkages between Government and Local Government representatives.
- Put decentralization of education on the government’s reform agenda and provided a roadmap for necessary reform
- Raised citizen awareness, input into the decision-making process and mobilized public support for the new local government system.

(B) Improve Municipal Financial Management Skills And Practices

ACTIVITIES:

Municipal Budgeting:

ICMA designed and established an expert-working group, comprised of officials from MoF and seven municipalities to design Municipal Budgeting Software (MBS) tool to assist municipalities with compliance with the proposed General Budget Law as well as with international standards for budget preparation, execution, and classification of revenue and expenditures. The group has held regular working and training sessions to review MBS beta versions and to receive training on the new budgetary development and execution concepts that are being built into MBS. ICMA contracted with an information technology firm to code MBS, based upon the specifications developed by ICMA, the working group, and the requirements of the new budget law.

- Produced working version of municipal budgeting software (MBS)
 - The Beta 3 version of MBS, a fully functional version of the system, was presented to and accepted by the expert working group. Several program modifications and enhancements were made as requested by the working group. MBS will be retrofitted so that its budget execution functionalities are consistent with existing procedures and not those in the new budget law.
- Three-day workshop conducted on use and operation of MBS Beta 3 for members of working group. Basic computer skills included in workshop.

Municipal Budgets and Citizen Participation

ICMA's Inter-Municipal Finance Advisor and Citizen Participation Adviser have designed a project to work with local governments in order to plan and organize municipal budget hearings. This will include training of officials in conducting and publicizing hearings, as well as stimulating citizen involvement. ICMA provided financial and technical support to the municipalities of Niksic, Ulcinj, Kotor, Pljevlja and Tivat to assist them to include citizen participation in the budget-making process, and to serve as pilots for 2002 implementation of the Law on Local Self-Government. [Cross-Reference Section D]

- ICMA short-term consultant Winston Evans assisted in developing materials and conducting a four-day workshop for finance officials from five municipalities (Kotor, Tivat, Pljevlja, Ulcinj, Niksic) in order to assist local governments to develop 2002 budget structures that are consistent with the international standards and the recently-enacted *General Law on Budget*, and to design budget-in-briefs to be distributed to citizens in advance of first-time ever public budget hearings. (*See Section D*)
- Provided follow-up direct technical assistance to five municipalities to develop 2002 budgets using the Republic's new classification system and new functional and economic classification systems.

- New structures separate the operating and capital components of the budget, include budgets of municipal entities that have formerly been off-budget, and provide more comprehensive information in regards to personnel requirements.
- These five municipalities utilized the new budget structures to develop their 2002 budgets and Budget-in-Briefs.

OUTPUTS:

- MBS Beta 2 and 3 versions
- Five local government 2002 budget structures consistent with international standards and the *General Law on Budget*
- Training materials
- Budget-in-brief template

RESULTS AND IMPACTS:

- Five local governments with 2002 budgets in which:
 - Revenue and expenditures are presented using the new, internationally compliant budgetary classification system.
 - There is a clear distinction between the operations and capital budget. Entities that have been formerly off-budget are now included in the budget

Capital Budgeting and Capital Improvement Planning (CIP)

Seven demonstration municipalities are being fully trained to be able to implement multi-year financial analyses and capital improvement plans (CIPs), enabling these municipalities to serve as centers of excellence and a source of best practices for other less-trained municipalities in Montenegro. ICMA short-term consultants from CityProf Consultants of Krakow, Poland visited seven municipalities from October 10-19 in order to provide additional assistance in preparing CIPs. Training was provided in the use of the CIP software program OSIP, production of the CIP document, and completion of the multiyear financial analyses.[Cross-Reference Municipal Infrastructure Support Program (MISP) 4th Quarterly Progress Report]

- Assisted seven municipalities to produce their first-ever capital improvement plans and Multi-year financial analyses. Development process included:
 - Citizen participation and prioritization of CIP projects.
 - Estimation of costs and description of investments.
 - Ranking of investments, most often based on criteria established by Assembly members.

OUTPUTS:

- Seven CIPs
- Signed CIP development agreements with seven local governments
- Computerized CIP databases partially completed for seven local governments
- Consultants' site visits report

RESULTS AND IMPACTS:

- CIP software installed and operational in seven municipalities.
- Substantial citizen input sought and incorporated into final CIPs.

Municipal Services Cost Recovery

During the 4th quarter, ICMA initiated a project to assess and improve cost recovery for municipal services. Consultants from CityProf Consulting conducted an assessment of existing cost-recovery ratios, collection performance, municipal budget subsidy levels, organization structures, and staffing levels of water/sewer utilities services from seven municipalities. [Cross-reference MISP 4th Quarterly Progress Report]

- CityProf consultants visited seven municipal water/sewer utilities October 10-19 in order to:
 - (1) Apply a Diagnostic Protocol to assess existing cost recovery ratios, collection performance, organizational structures, and accounting and financial reporting practices for selected municipal services and utilities;
 - (2) Develop a simple Excel software tool that will assist municipalities to analyze and simulate cost recovery scenarios; and
 - (3) Develop training materials and conduct a cost recovery workshop.

OUTPUTS:

- Final cost recovery report: *Municipal Utility Cost Recovery in Montenegro*.

RESULTS AND IMPACTS:

- In addition to establishing the baseline for water and sewer pricing and cost-recovery ratios for seven municipalities, the Diagnostic Protocol identified factors that impede better cost recovery performance. This data will be utilized with regard to MISP project activities.

Real Estate Tax Implementation

- Recruited and hired a Program Coordinator to assist the long-term Property Tax Advisor.
- Conducted the first-ever, nation-wide, survey of Montenegro's real estate market in order to determine values, sales activity, and market characteristics.
- Participated in and made presentation at OECD Property Tax Administration workshop in Ankara, Turkey.
- Drafted preliminary specifications for real estate tax software program, to be known as the Real Estate Tax System (RETS).

- Developed an RFP in order to solicit proposals for programming of RETS. Conducted a bidders conference to answer respondents' questions relating to the RFP.
 - Detailed specifications for RETS will be developed by an expert-working group comprised of officials from the Ministry of Finance, Department of Real Estate, ICMA, and from selected municipalities. Their work will be guided by the requirements of the *Law on Taxation of Real Estate*. RETS will consist of two interrelated modules, a Real Estate Module and a Tax Assessment and Billing Module.

OUTPUTS:

- Real Estate Tax System software preliminary specifications
- RFP for programming RETS
- OECD Presentation

RESULTS AND IMPACTS:

- Program resources mobilized to begin implementation of the law.

(C) Development Of Local Government In-Service Training Delivery System

ACTIVITIES:

Training of Trainers (ToT)

TOT is designed to advance municipal management and governance by establishing and training a core group of local government professionals with requisite skills and experience necessary to address the functional training needs of municipal counterparts.

- A Team of ICMA-trained Lead Trainers prepared a plan of activities in support of ToT III activities (*See 3rd Quarterly Progress Report*). They organized a public discussion, in cooperation with the municipality of Ulcinj, on the topic: "Identifying Possibilities to Prevent Pollution of the River Bratica".

Public Discussion: "Identifying Possibilities to Prevent the Pollution of the River Bratica"

Citizens and NGOs were invited through local media, posted announcements and by personal invitations delivered by the municipal courier. The public discussion was held on Friday, November 2nd. There were 40 people present, and small group discussion was facilitated by the TOT trainers and then summarized to all participants and used as a springboard for a plenary session.

Comments made by the participants confirmed the conclusions from the TOT III Action Research. Citizens agreed that only by their active involvement (field action, financial contributions) the problem of pollution could be solved. Landfill and sewage problems were identified as needing long-term solutions. In addition, they emphasized that the Municipality of Ulcinj should pass an Act on Cleaning and Maintaining the River Bratica. Participants also suggested that the Deputy Mayor plan resources for solving this problem in the 2002 Municipal Budget Proposal.

- Fourth round of TOT held as a 6-day residential workshop in Budva, from 9th to 15th December 2001. This workshop was designed to: review and deepen knowledge and understanding of the full range of tasks to be accomplished in designing and implementing client-centered, demand-driven, performance-based training and development services; and to increase skills in analyzing training needs and designing performance based training based on identified needs.
 - Lead trainers were tasked with designing a training module on transparency and citizen participation to deliver to municipal officials in March 2002.
 - In preparation Lead Trainers conducted interviews, prior to the workshop, with a number of key local government stakeholders about their views on the new legislation as it relates to citizen participation.
 - The workshop incorporated the proposed local government laws and the results of the ICMA-commissioned DAMAR public opinion poll on citizen opinion and views on public utility infrastructure and work of local authorities. (*see 3rd Quarterly Progress Report “Citizen Satisfaction Poll”*) to provide material for developing the citizen participation training modules.
 - Guest presenters included Deputy Minister of Justice on proposed local government legislation, and DAMAR’s senior researcher on the results of the public opinion poll.

OUTPUTS:

- ToT III Follow up Public Discussion Report (given to both ICMA and Municipality of Ulcinj)
- List of citizens willing to take part in cleaning the River organized by the Municipality
- Fred Fisher’s ToT IV Report
- Training Participant evaluations
- DAMAR Agency PowerPoint presentation of the results on citizen participation
- Two Training Designs on “Local Government in Partnership with Citizens”
- List of categorized training needs with respect to citizen participation legislation
- Assignment of six training pairs to implement municipal workshops

IMPACTS:

- Further refinement and development of skills for our core group of local government officials to utilize in ICMA training and policy implementation activities.
- Core group of Trainers gained greater insight into the citizen participation legislative framework, and gained an appreciation for the benefits and techniques of measuring public opinion and encouraging citizen participation.
- Key stakeholders and citizens of Ulcinj municipality played an instrumental role in problem identification and resolution, which will help to strengthen their role working in partnership with the municipality.
- Final TOT training module conducted and lead trainers are now prepared and positioned to begin municipal training on laws.

(D) Increase Citizen Involvement And Collaboration In The Local Government Reform Process And Community Affairs
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ACTIVITIES:***Citizen Participation Project Design:***

A comprehensive citizen participation component has been designed to build awareness among our partners of the advantage and necessity of creating 2-way communication between government and its citizens and to build capacity and provide training for government officials to sustain an open and transparent system of government, which allows, encourages and empowers citizens to participate in decision-making at the local level. While serving to complement and reinforce existing activities, this citizen participation component will enrich democratic development of citizens and government officials and ultimately facilitate sustainable implementation of policy reforms.

- Recruited and hired a Citizen Participation Coordinator to provide administrative and programmatic support to the citizen participation component of the program.

Public Discussions on Draft Legislation

- Designed and worked with republic and municipal counterparts to execute a public information campaign and regional town hall meetings to introduce principles and practices the draft legislation will guarantee. Created feedback mechanisms to incorporate public opinion into final policy decisions.
 - Designed Local Government reform promotional materials such as newspaper advertisements, television ads, pamphlets and posters; worked out slogans and ensured that the same design and slogans consistently appear throughout the campaign.
 - Designed and executed a media campaign that included: Drafting press releases, press conference for MoJ; Hosting a “Press Breakfast” to brief the media on reforms and give them an opportunity to ask government officials questions on background; Scheduling radio interviews for counterparts.
 - Organized a roundtable on reforms and invited government officials, political parties and NGOs, which was recorded and broadcast as part of a documentary series.
 - Worked with OTI to secure funding for 2 documentaries on local government reform – its scope and expected impact, which was televised in the first of a series on local government reform. Footage of the public discussions, NGO roundtable and ICMA-hosted municipal action-planning workshop on public budget hearings was incorporated, as well as spot interviews with citizens. The documentaries were an integral part of a broader information campaign designed to inform and catalyze citizen participation at the public discussions. The programs are meant to serve as a model for future citizen input and create a general awareness and understanding of the reforms, which will directly affect their daily lives.

- Co-financed a webpage with Open Society Institute on local government reform.
- Tracked media coverage and compiled press clippings.

QUOTES FROM DOCUMENTARY:

"These draft laws are a significant step forward when compared to the present situation. Especially when I see a strong plan for public discussions that is extremely ambitious and the first of its kind. I say a step forward because the municipalities are currently being deprived in this situation -- things that should be done or that used to be done by municipalities are partially done by the ministries. The centralization that occurred in the past 10 years was not accidental. At this point, municipalities are deciding on completely peripheral issues while on the other side the officials in the ministries are dealing with issues that they are quite often too far away from those problems. The best insight into problems and possible solutions comes from those who live in the communities and share the same destiny of its citizens. That is why I think the draft laws are a step forward when compared with the present situation."

-- **Miodrag Ilickovic**

Vice-President, Social Democratic Party (SDP)

OUTPUTS:

- Local Government Reform Information Campaign Action Plan
- Public Discussion Activity Calendar
- Press alerts, press releases, invitations
- Television ads broadcast on Blue Moon, Elmag and Montena television
- Advertisements in *Pobjeda*, *Dan* and *Vijesti* daily newspapers
- 5000 Brochures on local government reform
- 4000 Pamphlets on tenants of reform and invitation to public discussions
- 500 Posters distributed to all municipalities
- Law inserts (draft law) printed and distributed free-of-charge at kiosks
- Advertisements for regional discussions published in *Pobjeda*, *Dan* and *Vijesti*
- Two documentaries televised and broadcast 8 times during public discussion
- Website – www.lokalna.cg.yu
- Press Clippings package, including over 35 media hits

RESULTS AND IMPACTS:

- Counterparts have received direct benefits of actively involving citizens in policy decisions (further incentive) and have begun to undertake numerous outreach activities of their own initiative.
- Helped inculcate a sense of "ownership" in citizens for this reform and raised expectations in their role in local government decision-making.
- Improved quality of media coverage and helped to focus media on the objectives of reform rather than the political influences on it
- Raised the profile of local government reform and received ample media coverage on it.
- Increased awareness of the citizens and their active participation in the discussion process.
- Laid a firm foundation and awareness for the importance of implementation

QUOTES FROM DOCUMENTARY

Citizens interviewed in the streets:

"Reform of Local Self Government is needed because of de-politicization – because the citizens need to be asked more than political parties."

"So far, as a rule, we do not have problems with the laws, but with their implementation. We have had quite good laws but how they function in reality remains to be seen – I am skeptical knowing that much bigger laws avoided effective implementation."

"New Law on Local Self Government is needed. It's really a super thing that citizens will have a little bit more power over local self government...even the local police is a good idea."

"Decentralization is definitely needed; municipalities have to be given much more power than has been the case so far. Especially we in Budva have had many objections because of centralization; A lot of money has gone to the republic level and very little has come back to us. We hope that that will change and that the direct election of the representatives by the citizens will have some effect."

"The biggest novelty is the direct election of mayors of the towns...You know how it has gone up to now..."

"This should have been done long before – that is the real election of the mayor, when he is elected by the citizens, rather than political parties. The mayor should be the representative of all the citizens."

"If the mayor of New York can be elected that way; why can't the mayor of Podgorica?"

Citizen Participation in Municipal Budgeting Process

In order to help municipalities prepare for the implementation of the Laws on local self-government, ICMA designed a project on municipal public budget hearings. It combined technical and material assistance, and was awarded on a competitive basis. Five municipalities were selected: Pljevlja, Niksic, Kotor, Tivat and Ulcinj. ICMA recruited 3 local NGO activists to be trained and work as Citizen Participation Consultants. They providing technical assistance to their assigned municipality and served as ICMA's citizen participation representative for the project. The objective of Consultants' work was to maximize citizen involvement in the municipality's 2002 budget-making process so that there will be a demonstrable impact on resource allocation decisions made by the Municipal Assembly.

- Training workshop for consultants in which public education and outreach techniques were presented and discussed.
- Two-day workshop conducted for finance officials from five municipalities (Kotor, Tivat, Pljevlja, Ulcinj, Niksic) in order to assist local governments to design budget-in-briefs to be distributed to citizens in advance of first-time ever public budget hearings. (*See Section B*)
- ICMA developed Citizen Participation & Budgets (tool kit for the municipalities and consultants) consisting of various documents related to all aspects of the project.
- Kotor held a public budget hearing that lasted 2 ½ hours. It was broadcast over the radio.

- Pljevlja conducted 4 hearings in villages and suburban communities in the municipality and held a final public hearing in the center of town.

Kotor and Pljevlja decided to finalize the project by the end of December, the remaining 3 municipalities decided to use the legal possibility to postpone the adoption of the budget until the end of May in order to conduct a more extensive public education and outreach campaign.

OUTPUTS:

- Budget Support Application and project proposals from the municipalities.
- PP presentation on Citizen Participation and Local Government finance
- Serbian translations of sample Budgets in Brief from American cities
- Procedural guidelines for local consultants and members of the teams from pilot municipalities
- Facilitating Public Outreach and Community Dialogue handbook
- Municipalities' action plans and approved project budgets.
- Weekly Reports submitted by consultants; Progress reports on each of the municipalities regularly updated by program coordinator.
- Cassette tapes of recorded radio shows on municipal budgets and importance of citizens' participation, the roles and responsibilities of both citizens and municipal officials in the process – 4 radio shows in Kotor and 7 in Pljevlja.
- Radio jingles announcing budget hearings – Kotor radio broadcasted jingles for 34 days, 8 times a day; Pljevlja had 2 different jingles, the first one was broadcasted 10 days, 7 times a day and the second 34 days, 8 times a day.
- 3 roundtables held in Kotor and one in Pljevlja.
- Newspaper coverage – 5 articles published in republic-wide newspapers about the budget hearing process in Kotor and 8 about Pljevlja.
- Budgets in Brief brochures produced and distributed by the municipalities: 5,000 in Kotor; 10,000 in Pljevlja.
- Posters printed and distributed – 100 in Kotor and 100 in Pljevlja.
- Budgets in Brief hosted on websites by both municipalities.
- Both municipalities had a call-in telephone line during the public discussions.
- Invitations to NGOs to participate in the education campaign and to attend the hearings
- Pljevlja municipality conducted a small poll – radio reporters interviewed citizens in the street, the polls were broadcasted during the radio shows. 30 citizens were interviewed.

Poster design publicizing
public discussions

"It's Up to You!"

Gradani.
Upotrijebite Vaša prava.
Učestvujte u reformi lokalne samouprave.

Šta Vi možete uraditi?

Učestvujte na javnim tribinama.

BERANE
21. novembar 2001
Sala Skupštine Opštine Berane u 12⁰⁰h

PODGORICA
22. novembar 2001
Dom omladine "Budo Tomović" u 12⁰⁰h

BUDVA
23. novembar 2001
Srednjoškolski centar "Danilo Kiš" u 12⁰⁰h

UTIČITE DA VAŠA LOKALNA VLAST BUDE VAŠA!

:Decentralizacija :Depolitizacija :Antikorupcija :Ravnopravnost :Profesionalizacija :Javnost :Demokratija

Nova lokalna samouprava Zavisi od Vas!

  
Ministarstvo unutrašnjih poslova Republike Crne Gore
Ministarstvo Republike Crne Gore

RESULTS AND IMPACTS:

- Open budget hearings, supported by an education campaign on how local budgets can be used by citizens to prioritize the needs of a community and have direct input into investment projects and policy decisions coupled with an information campaign that provides transparent and easy-to-understand financial data, is an essential milestone in demonstrating progress in the areas of decentralization, transparency, anti-corruption measures and democratic reform.
- Provided incentives and increased motivation for some local NGOs and citizens to be more actively involved in decision-making process.

- Information dissemination procedures have been improved and a team of republic and municipal officials have developed skills in implementing a comprehensive information campaigns, utilizing action planning, timing and media relation facilitation skills.
- Raised general awareness of local government reform process and the structure and organization of municipalities, and practical knowledge about revenues and expenditures, and capital improvement plans in 3 municipalities.

E. Other Activities

- Met with local NGO networks to identify areas of cooperation and collaboration and established direct lines of communication.
- Representatives of MANS (Network for Affirmation of NGO Sector) and CRNVO (Center for Development of NGOs) participated at kick-off budget workshop in order to present the importance of enhancing cooperation between the local governments and NGOs working in related areas. They briefly described the strengths and weaknesses of the NGO sector in Montenegro, emphasizing the importance of including all of the NGOs established at certain municipalities in citizen participation and education campaigns that are to be conducted. They also expressed their hopes that the municipalities will start to recognize the strengths of some of the NGOs that might complement the needs of municipalities and invited municipalities to work more closely with the NGO sector in order to achieve common goals.

III. CHALLENGES AND ISSUES

ICMA experienced several setbacks with regard to government review of the laws on Local Self-Government and Financing Self-Government. It was our understanding that these laws would be reviewed by government and submitted to Parliament by the end of December. Due to a lengthy constitutional review of the Law on Local Self-Government, this law was not submitted to Government until January 2002. The law on Financing Local Self-Government was held up in the Ministry of Finance and has yet to be submitted to Government.

ICMA intends to intensify our advocacy efforts to address some of the concerns that the Deputy Minister of Finance has with important principles that ICMA insists must be preserved in the law. Briefings are scheduled with key stakeholders to resolve some of these issues and expedite the MoF review period.

IV. MAJOR ACTIVITIES PLANNED FOR THE NEXT QUARTER

(A) Building And Implementing A Legal Framework For Fiscal And Democratic Decentralization And Devolution Of Authority And Resources

- Law on Direct Election of Mayors, which, if enacted, will result in free, fair and direct election of mayors to further depoliticize the functioning of local government.
- Prepare briefing materials and make presentations of the law to the various government officials.
- Develop implementation plan for 2002.

(B) Improve Municipal Financial Management Skills And Practices

Municipal Budgeting

- Produce final version of MBS (January).
- Provide additional MBS computer training and training on new budget execution and transaction processing procedures.
- Needs Assessment on Information and Technology in municipalities

Real Estate Tax

- Analyze RETS proposals and award contract for programming of system.
- Organize working group for local government implementation of the real estate tax.
- Develop an RFP for a subcontractor to assist in the implementation of the new real estate tax.
- Solicit proposals from interested municipalities to participate in a pilot real estate tax implementation project.
- Convene and present to the Real Estate Tax Implementation Group a strategic and operational plan for implementing the real estate tax throughout 2002.
- Request Sole-Source Justification for the engagement of a firm for reform of property tax administration and subcontract with selected firm.

(C) Development Of Local Government In-Service Training Delivery System

- Conduct workshops on Citizens in Partnership with Local Government, and Transparency in Public Work; and Assist municipalities with strategic planning exercises to address issues related to citizens' expressed dissatisfaction with municipal services.

<p>(D) Increase Citizen Involvement And Collaboration In The Local Government Reform Process And Community Affairs</p>

Citizen Participation in Budget Hearing Process– Pilot projects:

- Monitoring and facilitating the process in the municipalities of Niksic, Tivat and Ulcinj.
- Summing up workshop with the lessons learned and best practices from the experience with the pilot municipalities.
- Final report / case studies / manual on Citizen Participation in Budget Hearing Process.

Citizen Participation in Real Estate Property Tax – Pilot projects:

- Designing and implementing a tax-payer education program in RET pilot projects.